

## **VIII. Fiscal Considerations**

### **A. BACKGROUND**

It is critical that services to older persons be available as soon as possible after a major disaster. This is particularly true of disaster advocacy and outreach services as older persons need the special assistance that these services provide if they are to receive the same level of assistance as the general population. In order to provide these services more readily, State and Area Agencies on Aging must have a reasonable assurance that funding is available or will be forthcoming on as close to a immediate basis as possible.

The first steps in the funding process are the determination of need and the development of a plan to respond to that need. Numbers of older persons affected, aging facilities damaged, and characteristics of the disaster impact are important elements that must be determined by the AAA and submitted to the State Agency on Aging, who in turn communicates such information to the Regional Office and to other state agencies. In this process, AAA's and State Agencies on Aging receive additional information about the disaster.

A skeleton plan is then developed with best estimates of the fiscal resources that will be needed to implement the plan. The AAA and the State Agency on Aging must develop plans for their respective levels that will factor in a knowledge of the role of other Community, State and federal agencies and their funding potentials. These plans are shared with the State and Federal Emergency Management Agencies and are forwarded to the Regional Office. The Regional Office will interact with the State relative to the needs identified and will make efforts to address the funding requirements as quickly as possible.

As State and Area Agencies on Aging respond to the disaster, individuals involved should maintain diaries of expenditures and time spent working on the disaster. Receipts and all available documentation should be maintained so that these expenditures can be reimbursed at a later time.

It may be necessary for the aging network to use funds that are already programmed for the existing program. The Administration on Aging recognizes that most states have fully committed available funds and that expenditure of such funds for disaster response puts the existing program and therefore the recipients of services in danger of terminated services. This in turn threatens those individuals as surely as the older disaster victims. Maintenance of good communications between the AAA's involved, the State Agency on Aging and the Regional Office will help in maintaining a current awareness of the likelihood of additional funding and knowledgeable decisions can be made on expenditures. Any funds a State or Area Agency on Aging has that can be made available for disaster response without later reimbursement should immediately be committed.

## **B. TITLE III, SEC. 310**

The Older Americans Act, Title III, Sec. 310, provides for reimbursement of expenditures made by States to meet the social service needs (and related supplies) of older victims of disasters declared by the President. In order to meet these costs, the Administration on Aging is directed to set aside 2% of the funds appropriated for Title IV-Training, Research, and Discretionary Projects and Programs.

In any given year, this is approximately \$500,000. In FY 1994, Title IV was appropriated approximately \$26 million, meaning that \$520,000 was available for disaster response.

In any given year, an undetermined number of Presidentially-Declared disasters will occur. So the Administration on Aging will want to be in a position to support disaster response in each of these situations. AoA limits the amount available to \$50,000 per state. In substantially larger disasters, this amount may be increased depending on the time in the year the disaster occurs and the amounts used to that time.

The Administration on Aging strongly recommends the first use of these funds to be for the provision of Disaster Advocacy and Outreach Services. Only after these services are adequately funded, and there is reasonable assurance that the scope of the disaster will not continue to grow should there be consideration of gap-filling services. There is unanimous support for this position among states and area agencies on aging polled who have experienced major disasters in recent years.

The Administration on Aging will accept an abbreviated application after declaration and attempt to fund it within 24 to 48 hours. This is deemed necessary so that states and area agencies on aging will have the assurance that initial support is available and will therefore have adequate financial support to proceed immediately to implement the disaster advocacy and outreach program. Every effort should be made to have staff and disaster advocates ready and available to staff the Disaster Assistance Centers as they are opened by the Federal Emergency Management Agency. Simultaneously, outreach to assure that older victims register must be made.

The language in the Older Americans Act indicates that these funds must be made available on a reimbursement basis. The Administration on Aging has found that a slow response to the funding needs of States and Area Agencies on Aging will sometimes mean a slow response to disasters. Consequently, the Administration on Aging has determined that an obligation of funds by a State Unit on Aging will constitute an expenditure and therefore will meet the intent of the legislation. A copy of the award document should be included in the abbreviated application submitted to the Administration on Aging in order to meet the requirements of the Older Americans Act.

**These funds do not require a non-federal match share.**

The Legislation directs that the funds held in reserve for disaster response be released after the third quarter of each year so that it may be used to meet the objectives of Title IV. It is therefore critical that any perceived needs for such disaster funding be communicated as soon as possible so that a situation does not develop in which there are no funds available at some point in the fourth quarter of the year. Early notification will permit the Administration on Aging to reserve these funds for use in the fourth quarter.

States have the authority to set aside a portion of their Title III allotment for disaster assistance. The setting aside of these funds must be included in the process for developing the state's Intrastate Funding Formula, and any unused funds must revert back to AAAs using the Intrastate Funding Formula.

### **C. Federal Emergency Management Agency**

During the 1970's, a National agreement between AoA and the Federal Disaster Assistance Administration (FDAA, now FEMA) to reflect an understanding by the two agencies that a commitment of \$40,000 of AoA discretionary funds would meet a requirement that the Administration on Aging contribute funds to meet the disaster needs of older persons before requests for funding be submitted to FDAA. Following this commitment, AoA was encouraged to submit a proposal to FDAA representing additional financial needs so that funding could be provided through a mechanism call a mission assignment. This understanding was reflected in AoA-PI-76-44 and the AoA/FDAA agreement attached to that memorandum. This understanding was also reflected in a manual prepared for the Aging Network and disseminated widely in 1980.

In 1979, AoA-PI-79-25 was issued to the Aging network which indicated the Agreement previously negotiated was still in effect. Pursuant to that instruction and the FEMA/AoA agreement, mission assignments were made in Region VII on May 1, 1979 and January 14, 1983.

In the 1980's, this agreement lapsed and an interpretation developed by FEMA which precludes funding of the aging network in disasters at either the State or Federal levels. The basis of this interpretation is that authorizing language already exists in the Older Americans Act (Sec. 310) and that increases in funding should be made in the legislation, if necessary.

From time to time, area agencies on aging have developed positive relationships with FEMA representatives in responding to disasters and have received funding based on the submittal of appropriated documentation of expenditure. Maintenance of good financial and performance records will facilitate potential reimbursement from FEMA.

At this time, the Administration on Aging and State Units on Aging are not receiving funds directly from FEMA. In some disasters, it has been required by the Office of Management and Budget that FEMA provide denials of funding requests at the state level and that those denials be submitted as part of any request for supplemental funding. Such requests are submitted from the State Agency on Aging, through the State Emergency Management Office, to FEMA. For this reason, and for reasons described elsewhere, it is important that strong cooperative relationships be maintained between the State Agency on Aging and the State Emergency Management Agency during the course of the disaster.

#### **D. Supplemental Appropriations**

In very large or in catastrophic level disasters, such as the Midwest Flood and the Northridge Earthquake in Los Angeles, the Executive Branch of the Federal Government has prepared a request which is submitted to Congress for a supplemental appropriation to finance activities that go beyond the scope of conventional disaster capabilities. In the Department of Health and Human Services, funds have been requested and become available to finance health and social services needed.

The process used in such instances by the Administration on Aging correspond with the normal planning functions which must be completed regardless of whether supplemental appropriations are requested. Area Agencies on Aging identify the services needed and the costs of providing those services. Factored into these considerations are the other resources available. These plans and budgets are forwarded to the State Office on Aging and are updated on an on-going basis. These plans and budgets are unified and communicated to the Administration on Aging. It is important that this information be communicated quickly and updated as when the determination is made that a supplemental appropriation request will be made, decisions must be made quickly and supporting documentation developed.

The Administration on Aging, based on information submitted by the State or States involved in the disaster, develops a request reflecting the information which has been developed from the States and other sources in the Department and elsewhere, such as FEMA, and submits the request to the Office of Emergency Preparedness located within the Public Health Service. All requests are combined at that point, recommendations made, and forwarded to the Secretary. With approval of the Secretary, these requests then go the Office of Management and Budget and finally to the President. These requests will then be transmitted to the Congress.

At all levels, the appropriateness of the requests will be evaluated and recommendations developed. It is in the interest of the aging network to make reasonable and well documented requests in such circumstances, not inflated requests, as a competitive situation exists where the best documented proposals have the best chance of funding. It is possible that complete funding of a request may be made or, more commonly, a percentage of the request is funded.

The time factors involved in this process also become important considerations. Typically, it has taken four to six months for funds under a supplemental appropriation to become available in a given disaster. In that period of time, the situation of the elderly may change significantly. Instead of being in the response stage, older persons are in the recovery stage and many different kinds of service gain in importance. For example, abuse and exploitation has become more important now than it was initially. The Administration on Aging attempts to maintain flexibility in the funds that are received through this process because it recognizes that the needs change through the passage of time. Nonetheless, the Administration on Aging does recognize that the more immediate the assistance provided older victims, the more impact on that persons ability to recover.

Supplemental appropriations are another instance where the maintenance of good records are critical. Whereas funds may not be available for four to six months under this process, they may be used to pay back costs accrued from the time of the disaster. State and Area Agencies on Aging are forced into a situation where severe risk-taking has taken place under this set of circumstances. The difficult decisions often faced is how much of the regular service funding should be used to respond to the disaster, what are the time frames involved, and how likely is it that funds will become available? The network will provide the best intelligence possible to assist in these most difficult decisions by State and Area Agencies on Aging. The Administration on Aging is making an effort to address this very difficult set of circumstances.

#### **E. Reallotted Appropriations**

At the end of each fiscal year, the Administration on Aging asks states to determine whether all the funds made available for that year are needed. Funds which are not needed for Title III and Title VII are then returned to the Administration on Aging and are reallotted nationally to states which have submitted a request for such funds. Added to these amounts are any funds the Administration on Aging has held for evaluation per the legislation and not used.

When very large or catastrophic disasters occur, and the disaster has occurred in the proximity to the end of the Fiscal Year, the Administration on Aging may determine that the most appropriate use of such funds are to reallot them to the states impacted by the disaster. The amount may vary from very small amounts to several million dollars.

When such funds are reallocated to states for use in responding to disasters, the same rules apply as if they were available under ordinary circumstances. They must be used in conformance with the governing legislation. For example, Title III (C) (1), Congregate Meals Program, must be used for those purposes unless transferred. These funds must be matched as usual. They may be obligated at any time in the year following the reallocation as usual. If Area Agencies on Aging are designated in the disaster areas, they must be obligated to the Area Agencies on Aging, a circumstance which may not always prevail with the use of the supplemental or Title IV funds obligated under Title III, Sec. 310. The major differences between these funds and ordinary use of reallocated funds is that they should be used for disaster response and they do not have to be obligated in accordance with the intrastate formula. They may be spent where they are needed.

#### **F. Additional Fiscal Considerations**

State and Area Agencies on Aging should be alert to the other opportunities that may be available for funding. In disasters, funds have become available to the aging network from the Community Development Act (CDA), the Social Services Block Grant (SSBG), the Community Services Block Grant (CSBG), the Economic Development Act (EDA) and other sources. Relationships and credibility have much influence on the opportunities which may develop.

Early in the disaster, the State(s) and Area Agencies on Aging should identify a potential recipient of donated funds. Substantial amounts of funds are donated in larger disasters, often directly to the aging network. A name, address and phone number for such donations should be available as soon as possible. These should not be established unilaterally, but in cooperation with other aging organizations in the community or state.